

## **Item 16 – Proposal of the Board of Directors of Skanska AB (publ) to the 2019 Annual General Meeting for resolution on principles for salary and other remuneration to senior executives**

The Board of Directors (the “Board”) proposes that the 2019 Annual General Meeting resolves on the following principles for salary and other remuneration to senior executives of Skanska AB (publ) (the “Company”). Senior executives include the CEO and other members of the Group Leadership Team. The principles for salary and other remuneration to senior executives set forth herein correspond to those principles resolved at the 2018 Annual General Meeting.

Remuneration to senior executives of the Company shall consist of fixed salary, variable remuneration<sup>1</sup>, if any, other customary benefits, and pension. The combined remuneration for each senior executive must be market-related and competitive in the labor market in which the senior executive is placed, and distinguished performance should be reflected in the total remuneration.

Fixed salary and variable remuneration shall be related to the senior executive's responsibility and authority. The variable remuneration shall be payable in cash and/or shares and it shall be capped and related to the fixed salary. Distribution of shares shall have a vesting period of three years and be part of a long-term incentive program. The variable remuneration must be based on results in relation to established targets and be designed to increase the alignment between the shareholders and senior executives of the Company. The terms for variable remuneration should be structured so that the Board, if exceptional economic conditions prevail, has the possibility to limit or refrain from paying variable remuneration, if such a payment is considered unreasonable and incompatible with the Company's responsibility in general to the shareholders, employees and other stakeholders. For annual bonus, there should be a possibility to limit or refrain from paying variable remuneration if the Board considers that this is appropriate for other reasons.

To the extent that a Board member performs work for the Company, besides the Board membership, consultant fee and other remuneration may be granted for such work.

In the event of employment termination by the Company, the normal period of notice is six months, combined with severance pay corresponding to a maximum of 18 months fixed salary, or, alternatively, a period of notice of maximum 12 months, combined with severance pay corresponding to a maximum of 12 months fixed salary.

Pension benefits should be defined-contribution schemes and should entitle the senior executive to the right to receive a pension from the age of 65. However, a pension at age of earliest 60 years may be granted in individual cases. For defined benefit plans, years of service required for fully earned benefits shall normally correspond to the years of service required for general pension

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<sup>1</sup> Information on what the Company's commitments of variable remuneration may cost to the Company is presented in [Appendix 1](#).

plans in the same jurisdiction. Variable salary shall not be included in pensionable salary, except when it follows from rules under a general pension plan (like the Swedish ITP plan).

The Board may deviate from these principles for salary and other remuneration to senior executives, if special reasons for doing so exist in any individual case.

Matters related to salary and other remuneration to the CEO are prepared by the Compensation Committee and resolved on by the Board. Matters related to salary and other remuneration to other senior executives are decided by the Compensation Committee.

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Stockholm, February 2019

Skanska AB (publ)

The Board of Directors

**Appendix 1****Costs for variable remuneration to the CEO and other senior executives 2018**

Depending on the ability to reach the published targets, the total variable remuneration may vary each year and there is no minimum variable remuneration guaranteed.

If all targets are met, and a maximum variable remuneration would be granted to the CEO and other senior executives, the cost would amount to:

SEK\*) 57,573,929

The cost for the preliminary variable remuneration to the CEO and other senior executives amounts approximately to:

SEK\*) 22,135,760

\*)

- a) Costs related to the short-term incentive program are based on the 2018 performance year.
- b) In the current long-term incentive program (Skanska Employee Ownership Program, SEOP), the cost for the performance year 2018 is in accordance with IFRS distributed over the three vesting years which includes the performance year.
- c) Social insurance costs are included.